



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Mrs. Jo Olchawa, Treasurer
San Bernardino County Republican
Central Committee
7365 Carnelian Avenue, #133
Rancho Cucamonga, CA 91730

Identification Number: C00014092

DEC 20 2000

Reference: October Quarterly Report (7/1/99-9/30/99)

Dear Mrs. Olchawa:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your calculations for Lines 6(c) and 7, Column B of the Summary Page and 11(a)(i), 11(a)(ii), 11(a)(iii), 11(c), 11(d), 15, 19, 20, 21(a)(i), 21(a)(ii), 21(b), 24, 25, 30, and 31, Column B of the Detailed Summary Page appear to be incorrect. Please provide the corrected totals on the Summary Page and the Detailed Summary Page.

-The beginning cash balance of this report should equal the ending balance of your Amended Mid-Year Report dated 5/19/00. Please clarify this discrepancy and amend any subsequent report(s) that may be affected by this correction.

-Schedule D of your report has failed to include certain information. Commission Regulations require the full name and mailing address of each creditor, the outstanding balance at the beginning and end of the reporting period, the amount incurred during the period, the payment made during the period, and the nature or purpose of each debt. Additionally, all debts must be reported continuously until extinguished or settled. Please amend your report by providing the nature or purpose for each of the entries. 11 CFR §104.11

-Schedule F of your report discloses coordinated expenditures made on

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behalf of a candidate(s). Please be advised that your committee must be authorized to make such expenditures by the state committee of your political party. If your committee has been designated to make such expenditures, please provide the name of the designating committee. If your committee has not been designated to make coordinated expenditures, they must be considered as in-kind contributions to the candidate(s) and be subject to the limitations of 2 U.S.C. §441a. Please amend your report with clarifying information. 2 U.S.C. §441a(d)

-The coordinated expenditure schedule (Schedule F) should disclose the following information: identification of the authorizing committee, the payee's name and address, the purpose of the expenditure as well as identification of the candidate supported, the date and amount of the payment and the aggregate general election expenditure total for each candidate supported. Please amend Schedule F by providing the identification of the authorizing committee, the purpose of the expenditure, the identification of the candidate supported, and the total general election expenditure for each candidate supported. 2 U.S.C. §441a(d)

-The Detailed Summary Page, on Line 18 Column A of your report, discloses \$13,900 in transfers from the non-federal account for joint activity for the reporting period. However, Line 21 (a)(ii) Column A discloses \$7,121.95 as the non-federal share for joint activity for the reporting period. While the non-federal account is permitted to transfer funds to the federal account for shared activity, transfers for shared activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. 11 CFR §§106.5(g)(2) and 106.6(e)(2) Please clarify the nature of the transfers-in from the non-federal account.

The Commission recommends that you immediately transfer back to the non-federal account, the total excessive amount which was received by your federal account outside the 70-day time period. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

-Line 21(a)(i) of the Detailed Summary Page of your report discloses a total of \$8,206.83 in the federal share of operating expenditures. The sum of the entries itemized on Schedule H4, however, indicates the total to be \$21,363.36. Please amend your report to clarify the discrepancy.

-On Schedule H3 supporting Line 18 of the Detailed Summary Page, you

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have failed to provide a breakdown of transfers received by the federal account. Please amend your report to include the missing information.

-Your report discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Each committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses between the accounts in proportion to the BALLOT COMPOSITION METHOD derived from FEC Schedule H1. A Schedule H1 must be filed with the first FEC FORM 3X filed at the beginning of each two-year election cycle. 11 CFR §106.5(d)

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. Please provide the necessary information regarding administrative expenses incurred by your committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

-Schedule H4 discloses a disbursement(s) which is categorized as direct candidate support; however, a Schedule H2 has not been filed to disclose the allocation ratio. All committees are required to allocate the payment for direct candidate support in which the committee collects both federal and non-federal funds. The costs are allocated according to the time and space method or funds received ratio and reported on Schedule H2. 11 CFR §§106.5(f) and 106.6(d). Please file a Schedule H2 to disclose the ratio for the direct candidate support activity.

-Schedule H4 discloses a disbursement(s) which is categorized as a fundraising expense(s); however, a Schedule H2 has not been filed to disclose the allocation ratio. All committees are required to allocate the direct costs of each fundraising event in which the committee collects both federal and non-federal funds. The costs are allocated according to the funds received ratio and reported on Schedule H2. 11 CFR §§106.5(f) and

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106.6(d). Please file a Schedule H2 to disclose the ratio for the fundraising event(s).

-Please amend your report by providing the purpose for each disbursement itemized on Schedule H4 supporting Line 21(a).

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have checked the category DIRECT CANDIDATE SUPPORT for the payment(s) to numerous vendors. Be advised that any FEDERAL SHARE in-kind payments or coordinated expenditures for DIRECT CANDIDATE SUPPORT must also be itemized on Schedule B or F supporting Line 23 or 25 of the Detailed Summary Page and not included in the total for this page. Please refer to the enclosed reporting example and amend your report to correct this apparent discrepancy.

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions from individuals should be properly disclosed on a separate Schedule A, supporting Line 11(a)(i) of the Detailed Summary Page. Please refer to the instructions contained on the forms to determine the proper categorization when preparing your next filing.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Scott Walker
Reports Analyst
Report Analysis Division

7. Candidate Support Activities as In-Kind Contributions

Example

The Partisan County Party Committee decides to sponsor a newspaper ad urging support of two federal candidates (a U.S. House candidate and a U.S. Senate candidate) and three nonfederal candidates. The committee pays \$1,000 to a graphics firm to design the ad and \$4,000 to a newspaper to run the ad for three days.

Required Forms

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses
- Schedule B for Line 23—Contributions to Federal Candidates

Allocation Ratio (H2)

The committee uses Schedule H2 to disclose the allocation ratio for "Nov. Newspaper Ad" (the unique identifier). The federal allocation percentage is calculated using the time/space method (ratio of time/space devoted to federal candidates to total time/space devoted to all candidates). In this case, 45 percent of the total space is devoted to federal candidates, so the ratio is 45 percent federal and 55 percent nonfederal.

Nonfederal Transfer (H3)

The committee discloses the transfer from the nonfederal account to pay the allocated nonfederal portion of "Nov. Newspaper Ad" costs. As previously noted, a transfer must be made no more than 10 days before or 60 days after payment is made.

The total amount of transfers itemized on Schedule H3 is entered on Line 18 of the Detailed Summary Page.

CANDIDATE SUPPORT RATIO (H2)

SCHEDULE H2 (Effective 1/1/81)		ALLOCATION RATIOS	
		PAGE 1	OF 1
NAME OF COMMITTEE Partisan County Party Committee			
ALLOCATION RATIOS FOR INDIVIDUAL FUNDRAISING EVENTS, EXEMPT ACTIVITIES, AND SHARED DIRECT CANDIDATE SUPPORT APPEARING ON THIS REPORT.			
Methods of Allocation:			
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of funds raised.			
II. EXEMPT activities are allocated using the "time and space method" where the federal proportion of disbursements is based on the proportion of time or space devoted to federal candidates.			
III. Shared DIRECT CANDIDATE support activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.			
NAME OF ACTIVITY OR EVENT Nov. Newspaper Ad	FEDERAL % 45%	NON-FEDERAL % 55%	
ACTIVITY IS: <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT <input type="checkbox"/> DIRECT CANDIDATE SUPPORT			
CHECK IF THE ACTIVITY IS: <input type="checkbox"/> NEW <input type="checkbox"/> REVISED <input type="checkbox"/> SAME AS PREVIOUSLY REPORTED			

This sample Schedule H2 shows the unique identifier, the category of expense and the "new" allocation ratio.

TRANSFER FROM NONFEDERAL ACCOUNT (H3)

RECEIPT SCHEDULE H3 (Effective 1/1/81)		TRANSFERS FROM NON-FEDERAL ACCOUNTS	
		PAGE 1	OF 1
		FOR LINE 18	
NAME OF COMMITTEE Partisan County Party Committee		TOTAL AMOUNT TRANSFERRED	
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 10/31/88	\$2,750.00	
	BREAKDOWN OF TRANSFER RECEIVED		
	ADMA ACTION DRIVE AMOUNT	DIRECT FUND- RAISING METHOD	EXEMPT ACTIVITY/DIRECT CANDIDATE SUPPORT
I) Total Administrative/Other Drive			
II) Direct Fundraising (List Events Appear for Each)			
a) _____			
b) _____			
c) _____			
d) Total Amount Transferred For Direct Fundraising			
III) Exempt Activity/Direct Candidate Support (List Events Appear for Each)			
a) NOVEMBER NEWSPAPER AD			\$2,750.00
b) _____			
c) _____			
d) Total Amount Transferred For Exempt Activity/Direct Candidate Support			

ALLOCATED PAYMENTS (H4)

DISBURSEMENT SCHEDULE H4 (Schedule 11/89)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE		PAGE 1 OF 1 FOR LINE 21b	
NAME OF COMMITTEE Partisan County Party Committee					
A. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/RENT graphics Nov. Newspaper Ad	DATE 10/30/88	TOTAL AMOUNT \$1,000.00	FEDERAL SHARE \$450.00 MEMO See Sched. B for Line 23	NON-FEDERAL SHARE \$550.00
EXTENSION: <input type="checkbox"/> ABOVE THE LINE/OTHER SHARE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> DEBIT FUNDRAISING DATE: \$1,000.00 <input type="checkbox"/> DEBIT/CONTRIBUTOR SUPPORT					
B. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/RENT ad space Nov. Newspaper Ad	DATE 10/31/88	TOTAL AMOUNT \$4,000.00	FEDERAL SHARE \$1,800.00 MEMO See Sched. B for Line 23	NON-FEDERAL SHARE \$2,200.00
EXTENSION: <input type="checkbox"/> ABOVE THE LINE/OTHER SHARE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> DEBIT FUNDRAISING DATE: \$5,000.00 <input type="checkbox"/> DEBIT/CONTRIBUTOR SUPPORT					

When the federal share results in in-kind contributions, the amount is disclosed as a memo entry on Schedule H4 and itemized on Schedule B for Line 23 (contributions to federal candidates).

ALLOCATION OF IN-KIND CONTRIBUTIONS (B/LINE 23)

SCHEDULE B ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page		PAGE 1 OF 1 FOR LINE 23	
CONTRIBUTIONS TO FEDERAL CANDIDATES Any itemization cannot be made for a party and its members may not be able to make by any person for the purpose of seeking nomination or to be nominated for nomination. Also, for each line item, the name and address of any political committee to which contributions have been made.					
NAME OF COMMITTEE/ON FIRM Partisan County Party Committee					
A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement graphics for Nov. Newspaper Ad	Date (month, day, year) 10/30/88	Amount of Each Disbursement This Period \$ 450.00	Amount of Each Disbursement This Period \$ 450.00 see allocation below	
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Felix D. Hall, Senate, State	Date (month, day, year)	Amount of Each Disbursement This Period \$ 225.00	MEMO	
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement B. Lynde Melrose, House, State/DI	Date (month, day, year)	Amount of Each Disbursement This Period \$ 885.00	MEMO	
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement ad space for Nov. Newspaper Ad	Date (month, day, year) 10/31/88	Amount of Each Disbursement This Period \$1,800.00	see allocation below	
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Felix D. Hall, Senate, State	Date (month, day, year)	Amount of Each Disbursement This Period \$ 800.00	MEMO	
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement B. Lynde Melrose, House, State/DI	Date (month, day, year)	Amount of Each Disbursement This Period \$ 800.00	MEMO	

This sample Schedule B for Line 23 shows how to allocate in-kind contributions between candidates. The amounts allocated to each candidate appear as memo entries.

Payments (H4 and B)

The committee uses Schedule H4 to itemize the two payments for "Nov. Newspaper Ad." Because the allocated federal shares result in contributions in-kind, they are itemized as *memo entries* with cross references to Schedule B for Line 23, where the in-kind contributions are itemized.

The Schedule B entries include the amounts allocable to each federal candidate, also based on the time/space method. In this case, the committee allocates 50 percent of the federal payment to each candidate.

Nonfederal payments disclosed on Schedule H4 are entered on Line 21a(ii) of the Form 3X Detailed Summary Page. The Schedule B total is entered on Line 23.

